



Building A Better Long Beach

August 2, 2010

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to execute any and all related documents to implement a \$200,000 loan to Hogs and Hops, LLC, dba Beachwood Brewing. (Downtown – District 1)

DISCUSSION

Mr. and Mrs. Gabriel Gordon and Ellen Perelman are partnering with Julian Shrago to establish a new, full-service barbeque restaurant and microbrewery on The Promenade at 210 East 3rd Street. It will be patterned after their successful operation in Seal Beach named Beachwood BBQ (Beachwood). The restaurant will feature approximately 6,000 square feet of interior space plus additional patio seating. The facility is expected to provide a destination on The Promenade and spark development of the area north of Broadway.

Beachwood will offer a unique dining experience blending traditional superior food with award-winning beers. Working 15 years in some of southern California's finest restaurants has allowed Chef Gabriel Gordon (Chef Gordon) time to develop a distinctive style and the expertise to create his own culinary combinations. His experience includes employment at the Four Seasons, Blue Palms, The Music Box Theater, and Savoury's. Chef Gordon will manage the restaurant portion of the business including staffing, quality control, cost control, and guest beer.

Mr. Shrago will manage the brewery and will be responsible for hand-crafted beers brewed on-site for direct over-the-counter sales. He has 14 years of brewing experience winning gold, silver and bronze medals at the Los Angeles County Fair, Orange County Fair, American Homebrewers Association national competitions, and the Pacific Brewers Cup. The brewing equipment will be visible, allowing patrons to experience the local and very unique character of the beer. The restaurant will feature eight house beers and 20 to 24 guest beers from other breweries assuring a broad selection to compliment the food menu.

The project is estimated to cost \$1,125,000. In February 2010, Messrs. Gordon and Shrago formally requested financial assistance from the City of Long Beach in developing this business. Agency staff reviewed their personal and business financial statements and projections and determined that the loan amount, terms and conditions

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are suitable for the venture. Credit analysis shows a low credit risk for the borrowers, large equity commitment, excellent experience and reputation, while cash flow projections show an ability to repay the loan. The Business Loan Committee approved this loan on July 15, 2010.

The Redevelopment Agency will provide \$100,000 for a façade under the Commercial Façade Improvement Program. This will be in the form of a loan that amortizes over five years but requires no periodic payments. The following table depicts details of the sources and uses of funds.

	<u>City Loan</u>	<u>Agency Façade Assistance</u>	<u>Equity Contribution</u>	<u>Total Project</u>
Working Capital	---	---	213,410	213,410
Furniture, Fixtures, and Equipment	200,000	---	231,590	431,590
Opening Costs	---	---	180,000	180,000
Façade	---	100,000	---	100,000
Tenant Improvements	---	---	200,000	200,000
Total	\$200,000	\$100,000	\$825,000	\$1,125,000

This project will jump start commercial development and generate foot traffic at The Promenade. It will complement the investment already made in the area and bolster the viability of the retail space that remains available.

Approval is recommended to provide a \$200,000 loan to Hogs and Hops, LLC, dba Beachwood Brewing, with the following terms and conditions.

Amount: \$200,000
Rate: 4.75%
Term: Approximately 10 years
Payment: Approximately 1.15% of quarterly gross sales
Collateral: Personal guarantees and UCC-1 on business assets

Loan funds will not be disbursed until the necessary collateral to secure the loan is in place.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK
EXECUTIVE DIRECTOR

AJB:LAF:aat